



A MARX HOUSE SYLLABUS

An Introduction to Political Economy

(3rd Edition)

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LECTURE ONE

INTRODUCTION

How long there have been human societies on the earth is not known with any exactness. But as far back as we can go, the traces of man appear to indicate a social animal. For the last six thousand years or so, we know of civilisations, and we know enough to recognise great changes in human society.

How have these changes come about? For a long time, whilst hundreds of answers were attempted, there was no scientific answer to this question; and it was only in the last hundred years that the answer was found. Just as Darwin discovered the law of evolution in organic nature, so Marx discovered the law of evolution in human history. It was Marx who "discovered the simple fact that mankind must first of all eat and drink, have shelter and clothing, before he can pursue politics, science, religion, art, etc."

He showed that the production of food and clothing and shelter and the way of life by which these are produced at any epoch form the foundations of human society. On this as a basis institutions and ideas are evolved.

Let us take it in more detail. In order to live, man must have food and fire, clothing and shelter. To get these he must work. In order to work he must have tools—this is true of any period of human society. No matter how far back we go up to half-a-million years, there are found the tools made and used by man. Wherever an earlier stratum of rock yields no chipped flints, geologists conclude there is no evidence that any kind of man as yet existed. Therefore man has been defined as a tool-using animal.

Man, to produce his material needs, must then have tools, instruments of production. These *instruments of production* along with the *men* who make them and in their use gain skill and hand it on to their children, these all comprise the *productive forces* of human society.

But this is not all. Men carry on production in common, in groups, in societies. This has always been true. Even in the times of the Old Stone Age, the remains of thousands of mammoths attest the social nature of production; for only by the co-operation of a considerable number of men could a

mammoth be slain. In this social production men enter into relations with one another. It may be relations of mutual aid freely given, or it may be relations of subjection or subordination. In any case these relations between men must always exist. These *relations of production* and the *productive forces* together constitute the *mode of production*. "The mode of production in material life determines the character of the social, political and spiritual processes of life."

Production does not stay still. It is always changing and developing. Changes in the mode of production call forth changes in the whole social and political order—the social ideas, political views and institutions. The whole manner of life is altered.

In order to grasp what has been the history of mankind, of human society, it is necessary to study the history and changes of modes of production. It is the history of the development of productive forces, and of the relations of men in production. This means it is also the history of the labouring masses, who actually do the producing.

The changes in production begin with changes in the productive forces, especially the instruments of production. Following on these, and dependent on these, come the changes in the relations of production. The productive relations in turn affect the development of the productive forces, when the two get out of step there comes a conflict. "From forms of development of the forces of production, these relations (of production) turn into their fetters. Then comes the period of social revolution. With the change of the economic foundations the entire immense superstructure is more or less rapidly transformed."

How many different epochs are to be found in human history? No doubt a considerable number. But we may pick out five *main* types of relations of production; primitive communal, slave, feudal, capitalist, socialist. In early times, corresponding to the primitive tools and weapons, men had to hunt and work in common or perish. Labour in common led to common ownership of the means of production, as well as of the product. There are no classes within human society at this stage.

But with the change in the productive forces (use of metal, domestication of plants and animals, etc.) there comes a change in the relations of production. Wealth accumulates in the hands of a few, who come to own the means of production as their private property and thereby become lords of all. They make the others into slaves. The slave-owner owns the slave, who as the property of his master, can be bought and sold, kept or

killed, like cattle in the fields. Hence it is sometimes called chattel-slavery. The ancient Romans described their slaves as "tools that talk." The slaves had no rights; and between them and the class of slave-owners there was a fierce class struggle throughout ancient times.

Civilisation, with its developing arts and crafts, including writing, appears to have begun some six or seven thousand years ago; and it was based on a class division in human society. That class division and consequent struggle of classes was to continue in various forms throughout the feudal and the capitalist epochs up to our own time. Hence, Marx and Engels wrote in 1847: "The history of all hitherto existing society is the history of class struggle." To the chapter heading above this sentence, Engels added for English readers the following note:

"By bourgeoisie is meant the class of modern capitalists, owners of the means of social production and employers of wage-labour. By proletariat, the class of modern wage-labourers, who, having no means of production of their own, are reduced to selling their labour-power in order to live."

It is with this capitalist epoch, and how it developed on the ruins of the feudal epoch, that we have now to deal. For the other types of relations of production (of which Socialism exists so far only in the U.S.S.R.) are subjects in themselves.

Reading

Dialectical and Historical Materialism, by J. V. Stalin.

Socialism: Utopian and Scientific, by F. Engels.

Capital, preface to Second (1873) Edition, by Karl Marx.

Karl Marx, by V. I. Lenin.

Origin of the Family, by F. Engels (especially Chapter ix).

LECTURE TWO

ORIGIN AND GROWTH OF THE CAPITALIST MODE OF PRODUCTION

England is the oldest capitalist country. In other countries capitalism has had a shorter run. For instance, Japanese capitalism was not yet born when Marx was writing his books. The life-story of capitalism in England begins about 400 years ago, a little before the time of Shakespeare. Columbus had discovered America, new trade routes to India and the East had been opened up, a world market had come into existence and world trade had begun. Productive forces had been

changing; and as new wine bursts the old vessels, had broken up the old order, the old ways in which men had lived in feudal England. That is to say, the economic structure of capitalism arose upon the ruins of the economic structure of Feudalism.

Feudal England

From 1066 right up to the Battle of Crecy is a period of nearly 300 years. During all this time the feudal mode of production prevailed in England and in Europe as a whole. In the countryside the little towns at that time were few and far between; there is a master class and a subject class; feudal lords and their serfs (or villeins). The lord of the Manor (all England is divided into manors) lives on the labour of his serfs. The serf was dependent on his lord, just as the lord in turn was dependent as vassal to a still greater lord. The serf was tied to the land and could not leave the manor in which he was born. He was not a free man: only a minority of the people of England in those days were free.

The serf worked on his little strips of land, with his own implements and his own small stock—but for so many days in each month he must labour on his lord's land besides making payments in kind.

Meantime, handicrafts had been growing up in the towns and a measure of trade was developing. Markets were springing up and men were making things more and more not for their own consumption but for the market. This had its effect on the countryside, where payment in money began to take the place of labour services.

By the end of the fourteenth century, the serfs had broken the shackles of feudalism (the Peasants' Revolt of 1381 was one of their most heroic struggles) and England had become a land of free peasant proprietors. The peasant had not only possession of the land for which he paid rent but enjoyed rights of pasture on the common lands from which he could take timber, fuel, peat, etc.

This state of affairs was not to last. Feudal lords and gentry, seeing the chance of enrichment through the wool trade with Flanders, went in for sheep farming on a large scale, which meant the eviction of the peasants. They drove the peasantry from the land and usurped the common land. Arable land was transformed into sheep walks. Hence Thomas More in his *Utopia* (1516) says:

“Your shepe that were wont to be so meke and tame, and so smal eaters, now, as I heare saye, be become so great

devourers and so wylde that they eate up and swallow downe, the very men themselves."

The peasant driven from the land was free. Yet he owned nothing except himself and the labour-power that was in him: he had no means whereby to make his livelihood. He was free, but free to starve. He had therefore to find a master who would give him leave to work for his daily bread. But the wares he made, and the means by which he made them, were now the property of that master. The worker was given an allowance, enough to keep him and his family alive and working.

This was the birth of the modern proletariat, the class of men who had lost all their property and had nothing but their chains to lose.

Already a mass of free proletarians had been hurled on the labour market by the breaking-up of the bands of feudal retainers, hangers-on of the great lords. When a much greater mass of the peasants also became a proletariat, the conditions for the foundation of the capitalist mode of production were coming into being.

A few years later, in the sixteenth century, the Reformation, with its seizure of the Church property, gave a terrible new impulse to the robbery of the people. The Church lands were handed over to the new nobility and to speculators, who hastened to evict the tenants.

Yet, even so, the yeomen of England, as the class of independent peasants were called, outnumbered the new capitalist farmers up to the end of the seventeenth century. These yeomen filled the army of the Commonwealth and were the backbone of Cromwell's strength. A hundred years later they had largely disappeared.

In the eighteenth and early nineteenth centuries the enclosures of the common lands were carried through by Acts of Parliament and the ruin of the old agricultural population was complete. Everywhere the land of England was conquered for capital. The trinity of landlord, capitalist farmer and agricultural labourer, prevailed in the countryside; while the town industries now received the uprooted peasantry, now become a "free" proletariat.

Without the proletariat there can be no capitalist mode of production. But in addition, there must be the ownership of the means of production by a small class of capitalists. And the question immediately arises, how did that small class get the wherewithal to become owners of the means of production?

How did they get the money that was to be turned into industrial capital?

"The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of the blackskins, signalled the rosy dawn of the capitalist era." (Marx: *Capital*).

Thus, in addition to the dissolution of feudal society, setting free for industrial purposes the merchants' and usurers' capital which had existed in the middle ages (and indeed in other economic social formations) there was this robbery abroad, followed by the commercial war of the European nations. The force of the State was also used to hasten the change into the capitalist mode of production. On this Marx makes the comment:

"Force is the midwife of every old society pregnant with a new one. It is itself an economic power."

Lastly, the capitalist method of production, with its proletariat and its capitalist class, can only arise in a society where exchange of goods has reached a high stage of development, where wares are being made for the market in greater and greater quantities. Buying and selling of goods had, of course, been going on for long enough before capitalism was born. But under capitalism this develops enormously. The market, hitherto local, or occasional, like country fairs, becomes national, becomes a world market. Nearly all goods become wares, and the wealth of societies in which the capitalist mode of production prevails presents itself as an accumulation, a heaping-up, of wares of all kinds. Consequently, the analysis of *Wares*, in the language of political economy termed *Commodities*, forms the starting point of investigation into the capitalist mode of production.

To sum up, the capitalist mode of production began to grow in England some 400 years ago, with the growth of a proletariat and of a master class owning the means of production; and upon the basis of widespread buying and selling of wares in an expanding market, upon the basis of a *commodity economy*.

Reading

Manifesto of the Communist Party (1848), by Marx and Engels (first section).

Capital, Vol. I. Part VIII, by Karl Marx.

Man's Worldly Goods, by Leo Huberman.

Dream of John Ball, by William Morris.

Utopia, by Thomas More.

LECTURE THREE

VALUE

Why are some wares (or commodities) worth so much and why are other wares worth more or less than these? What is their worth (or *value*)? What indeed is *Value*? And what is Price? What is money that is given in exchange? And what is exchange itself? These are questions which arise in each society at a certain stage of development.

We shall best answer them by tackling first the question of wares or commodities. Adam Smith a century and a half ago wrote his *Wealth of Nations*. We begin with the commodities whose immense accumulation makes up that wealth.

Firstly, then, a commodity is a thing which satisfies some human want.

Secondly, it is something that is exchanged for something else.

Nobody would exchange his own product for another product that was useless to him. A commodity must therefore be a useful thing: it must possess *use-value*. Everywhere, at any time, use-values are the substance of wealth, whatever its social form may be.

As soon as use-values become wares or commodities, that is, are exchanged for other use-values, it is to be observed that the exchange always takes place in certain proportions. The proportion in which so many use-values of one kind are exchanged for so many use-values of another kind is called the *exchange-value*.

Of course, this proportion may change at different times and in different places; but at any given time and place it is definite, it is a constant magnitude. Thus, for example, if we exchange twenty yards of linen for 40 pounds of coffee or twenty yards of linen for a coat, then we can be sure that one coat would also exchange for 40 pounds of coffee.

But a coat is as different from coffee as chalk is from cheese. How can they be made to equal one another? Clearly, because they each have something in common, some underlying content which is the same for each.

In the same way, if we were to put on a scale-balance the most diverse substances, such as feathers and lead, and if we were to balance them exactly against one another, we should know that there is some quality common to them all.

By millions of exchanges taking place daily, it is clear that use-values of every sort, all very different from one another and indeed not comparable with one another, are nevertheless equated

to one another. What then is common to all these various things that are constantly being "weighed" one against the other? All of them have this in common that they are *products of labour*.

This common content of all commodities is termed their *VALUE*. The value of any commodity is the labour embodied in it, and only because of this does it possess value. It is value which determines the proportion in which commodities are exchanged for one another.

Thus our statement of the two factors of the commodity or ware, can be summed up in two words; *USE-VALUE* and *VALUE*.

As having value, commodities then are the products of labour—but not of any particular kind of labour, such as that of a carpenter, or a tailor, or a weaver. These different kinds of labour create the different use-values possessed by different commodities. But that which creates their common characteristic, value, is human labour in general: it does not matter what sort of labour, or whose. Marx therefore carefully draws the distinction between the two-fold character of labour embodied in commodities: on the one hand a particular kind of labour (*e.g.*, carpenters, tailors) producing different use-values; on the other hand human labour in general, considered as part of the aggregate labour of the community, creating the Value of commodities.

If we forget the *quality* of any ware which makes it a use-value, and proceed to consider it in the abstract as an exchange-value, then we are concerned only with the *quantity* of wares. But if we make this abstraction from its qualities, we do so from its bodily parts and shapes. We forget for a moment, not only that it is a candlestick; but also we forget the candlestick maker. We forget the qualities and shape of the building; and also forget the building labourer. We are left merely with abstract human labour.

Since value comes from labour we can measure the value of a commodity by the amount of labour needed to make it: that is to say, by the working-time necessary to make it. It does not matter that some men work faster than others; the goods they make must all have the same value, and we can measure that value by "the labour time requisite for the production of use-value under existing normal conditions of production, and with the average degree of skill and intensity of labour."

We can sum this up by saying that value is measured by the "socially necessary labour time" taken to produce a commodity.

To take an example, when the power-loom was first introduced it existed for a time side-by-side with the hand-loom. But the

power-loom worked so much faster that the power-loom weaver's time alone was socially necessary. The hand-loom weaver's eight-hour day was no longer the measure of value; it took, say, a sixteen-hour day of the hand-loom to create the same value which aforesaid his labour created in eight hours. The product of one hour at a hand-loom represented only half-an-hour of social labour; and its value was therefore halved. So hand-looms ceased to exist.

Value and Social Relations

From the moment that men in any way work for one another, their labour assumes a social form. But the product of labour may take various shapes at various times. We, living in a commodity-producing economy, often take it for granted that the product of labour is bound to take the form of commodities. But it is not so. Let us look at it from the standpoint of an economy where there are no commodities, therefore no exchange. There have been such economies in which the husbandman tills the soil and reaps the harvest; while others of his kin fold the sheep, shear them, card and spin their wool into yarn. They weave their own clothes and build their own houses. Everything is made for immediate consumption, not for sale: and it is clear to each member of the community that he is working for the whole community.

Again, there is the old Indian village in which, while all begin as peasants, a division of labour grows up so that there comes to be a village blacksmith, a shepherd, a potter and silversmith, etc.; all of them maintained by the village and making for the needs of the village.

But once products are exchanged for other products, once goods are made to be sold as wares, then we have some kind of commodity-producing society.

In such a society the social nature of labour, of production, has not been done away with—it cannot be done away with (consider, for instance, how London is dependent on production all over the world). But it is now hidden; each man produces only to sell: he throws his goods “into the market,” and there is an end of it. Conscious, social regulation of production ceases; and the social nature of the product appears only as a blindly-working “law of the market.” To the producer, his product is only an exchange-value.

We shall see the importance of this when we come to consider economic crises.

NOTE—In the last century numerous theories other than the Labour Theory of Value have been elaborated. All these attempts

use-value, finally turn into a subjective treatment, which hides the social process of which value is an expression.

Reading

Capital, Volume I, by Karl Marx, Chapter I.

Preface, by F. Engels, to *Wage-Labour and Capital*.

Marx-Engels Selected Correspondence: Letter 109. Engels on *Capital*, p. 94.

LECTURE FOUR

MONEY—AND ITS TRANSFORMATION INTO CAPITAL

The value of a commodity, then, is determined by the labour-time socially necessary for its production. It is made manifest when one commodity is exchanged for another commodity.

The form in which value is expressed has gradually developed over thousands of years. It begins with isolated and casual acts of exchange. This is the "simple, casual or isolated form of value" in which a given quantity of one commodity is exchanged for a given quantity of another.

This develops to the stage when the value of one commodity may be expressed not through one other, but through a whole series of others. If linen be the commodity, then any ware you may choose may mirror the linen's value. In the "Iliad" of Homer the value of Agamemnon's wine is expressed in hides, kine, captives, bronze and iron.

The next stage is that of the universal form of value in which a number of different commodities are exchanged for one and the same particular commodity, whereby we reach the *money form of value*. Slaves, cattle, iron, salt and shells have all been used as money. Finally the precious metals become this particular commodity, the universal equivalent.

This development summarises a whole history of the growth and exchange of wares.

Thus money is the *Measure of Value*. Gold becomes the exchange value of all other commodities. This exchange value is not called exchange value but *price*. For Price is the value of the commodity expressed in money. The price of a thing is the money name of the value embodied in the thing.

But what is expressed through price may either be the real magnitude of the value of the commodity, or the more or less that it may fetch under given circumstances (such as varying supply and demand). Thus price often varies above and below value.

Money is not only the *measure of value*; it is also the *standard of price*. A definite quantity of gold, a fixed weight of metal, say, one ounce of gold or the gold dollar containing so many grains of gold, is made the unit on which other quantities of gold are reckoned.

Money is also the *means of circulation*. By means of money commodities circulate. This circulation of commodities implies also that money "circulates" or runs about the market, serving as a medium of circulation for one pair of commodities, then for another pair, and so on. According to the number and speed of transactions carried out (amount of business done) the running about will be more or less; the "amount of money" will be more or less, and it will circulate faster or slower.

As commodity circulation develops, some commodities are paid for after they are received. Money is here the *means of payment* in this case, which is the familiar case of debtor and creditor. Moreover, in such obligations as taxes, which used to be paid in kind, money now serves as the means of payment.

Money and Capital

Commodity production has existed for many hundreds, even thousands of years. So has money. We must now consider the difference between simple commodity production and capitalist production.

A commodity-producer starts by making a certain commodity: say boots. This he sells, and with the price he buys other commodities—food, or clothes. So we have a circulation: Commodity—Money—Commodity. We may write this $C-M-C$.

A capitalist starts with money: his capital. He buys raw materials, and hires men; and he sells the product for money again. We write this $M-C-M$: Money—Commodity—Money.

One is selling in order to buy: the other buying in order to sell. Between the two there is a real difference. For to sell boots to buy food has sense in it. But to spend ten shillings on leather and wages and sell the boots that are made for ten shillings again, has no sense. The capitalist must sell his goods for more than they cost to make; he must make a profit. $M-C-M$ must be $M-C-M$ plus m . The profit m , is the whole driving force of the movement. Profit is essential to capital.

The profit piles up in the hands of the capitalist. We shall see later how important this piling-up is.

Where does the profit come from? Not from anything that happens in the circulation of commodities, not from buying them below their value, or selling them above it; for one man's

to extract a theory based *e.g.*, on the degree of desirability of a loss would be another man's gain, and the two would cancel out, when we consider the capitalist system as a whole.

[The result is that we can think of this question *as if* all commodities were sold at their true value. This is one reason why the idea of value is so useful to us.]

Profit, then, must somehow come from production. It was Marx who first showed how there must be some commodity which the capitalist can buy, and which when it is used creates a value greater than its own. That commodity is human labour power, or capacity for labour. Its use is labour; and labour creates value. But what is the value of labour-power?

"The value of labour-power is determined, as in the case of every other commodity, by the labour-time necessary for its production, and, consequently also the reproduction of this special article. . . . Labour-power exists only as a capacity, or power, of the living individual. Its production consequently presupposes his existence. Given the individual, the production of labour-power consists of his reproduction of himself, or his maintenance. For his maintenance, he requires a given quantity of the means of subsistence. Therefore, the labour-time requisite for the production of labour-power reduces itself to that necessary for the production of those means of subsistence; in other words, the value of labour-power is the value of the means of subsistence necessary for the maintenance of the labourer." (*Capital*, Vol. I).

But this does not mean the minimum needed to keep the spark of life in the human body. By working, a quantity of muscle, nerves, etc., is used up and must be restored, so as to make him fit for the day's work on the morrow. So the means of subsistence must be enough to maintain him in his normal state as a labouring individual.

Natural wants (food, shelter, clothing, warmth) vary from country to country. This is true not only for climate and other geographical conditions; but in each civilisation, as a matter of history, there are definite habits and standards of comfort under which the class of free labourers grows. This Marx calls the "historic and moral element" which enters into the fixing of value of this ware, and of none other.

Next, no owner of labour-power is immortal. But his appearance in the market must never stop. And so this seller must perpetuate himself by procreation. Hence the means of subsistence must be enough also for the labourer's substitutes, his children.

Lastly, common human nature has to be modified to gain skill

and handiness in a given branch of industry, and become labour-power of a special kind. This needs definite education and training, which costs the equivalent of commodities, more or less.

The *value of labour-power* resolves itself into the *value of a definite sum of the means of subsistence*. It varies, therefore, with the value of these means (amount of labour-time necessary for their production).

There is a difference between the amount the capitalist must spend on labour-power, and the amount he gets from his workers as a result of using that labour-power. This difference, out of which the capitalist gets his profit, Marx calls "surplus value."

Reading

Value, Price and Profit, by Karl Marx.

Wage-Labour and Capital, by Karl Marx.

Capital, by Karl Marx, Chapters ii to vi.

LECTURE FIVE SURPLUS VALUE

We must now go more closely into the question of surplus value.

The capitalist goes into the market with money in order to buy commodities (raw materials, etc.) and with them the value-creating commodity—labour-power. These, combined in the labour process, will enable him to "make money." But how? Let us take one of the simplest examples—an old-style rope-works. Here the raw material bought is yarn, and the labourer, whose labour-power has been bought not only twists the yarn but, as it were, twists also his labour into ropes.

Labour has operated on yarn—the result is a rope.

Within a few hours, say four, the labourer has earned his keep for the day. And this (or in practice, less than this) was the amount at which he sold his labour-power to the capitalist.

But he does not quit work after four hours. If he did, the capitalist would "get no profit" from him. So the labourer must go on working long after he has earned his keep. He must work a whole day twisting more yarn into rope. The tale of the day's product is the worth of the yarn plus the worth of four hours "keep-earning" labour plus the worth of another four (or five or six) hours labour, for which last the capitalist has paid nothing. Here is where he gets his *surplus value*, out of the unpaid labour of the worker.

And this is the only condition on which he will consent to be a capitalist. For "he wants to produce not only use-value but a commodity, not only use-value, but value, and not only

value, but surplus value.” Without profit, he will close down his business.

To find the degree of exploitation of labour-power, we must compare the surplus value with the amount expended in the purchase of labour-power. In the example given above, the degree of exploitation of labour-power will be 4: 4 or 100 per cent. This we call the “rate of surplus-value.”

Having bought labour-power, the owner of money is entitled to use it, that is to say, to set it to work for the whole day, eight hours, let us suppose. But in the course of four hours, let us assume, the labourer produces enough to pay for his own upkeep. This part of the working day is called “*necessary labour-time*” and the labour expended is called *necessary labour*. In the course of the next four hours he produces a surplus product or surplus value for which the capitalist does not pay him. This portion of the working day is called *surplus labour-time*; and the labour therein expended is called *surplus labour*.

We have taken the necessary labour-time (which we have supposed to be four hours) as a fixed part of the working day. But what is the working day? How is it fixed? The answer to this question is, firstly, that it varies, and varies within certain limits. The total daily rotation of the earth takes twenty-four hours. But the working day has limits set to it, both physical and social; in practice it has been known to vary from eight hours up to seventeen or eighteen.

The capitalist is like any other buyer of goods; he tries to get as much use-value as possible from what he has bought. So he tries to make his workers work as hard as possible, and for as long as possible. If a man works too long each day or each week, he wears himself out. This benefits the capitalist—he gets the whole of a man’s working life while only paying for part. Marx said: “Capital is dead labour, which, like a vampire, lives only by sucking living labour, and lives the more, the more labour it sucks up.”

So there is always a struggle between capital and labour about the length of the working day.

This struggle has gone on for centuries. At first it was a long struggle on the part of the capitalists, calling in the state to their aid, to lengthen the working day.

Then, from the latter part of the eighteenth century, the avalanche was let loose. Labourers were compelled to work up to seventeen and eighteen hours a day, and to work nights and days; until the effect of this prolonged overwork of men and women, youths and infants, became ruinous. As Ferrand, a member of Parliament, said in 1863: “It (the cotton trade) has

existed for three generations of the English race, and . . . during that period it has destroyed nine generations of factory operatives." Capital had prolonged the worker's period of production during a given time in his life and so shortened his life as a whole.

Eventually, as the resistance of the working class developed, the hours of labour had to be restricted in several branches of industry by a series of Factory Acts. Then, in 1866, came the demand for the eight-hour day, voiced notably at the Geneva Congress of the First International.

"A limitation of the working day is a preliminary condition without which all further striving for emancipation must be abortive. . . . The Congress proposes eight hours as the legal limit of the working day."

Thereafter, the struggle developed in this and other lands, was taken up by the Miners' Federation of Great Britain in the late eighties, and was a few years later adopted by the working class throughout the world. With the great revolutionary movement of the working-class at the end of the war, the eight-hour day was not only established in Russia, but was won from the capitalists in industry in a number of countries. Finally, after the 1914-18 war, the Washington Forty-eight hours Convention was passed—but not ratified.

Since then, the capitalists have begun a counter-offensive along several paths. The first is that in a number of cases (e.g., British minefields, etc.) the hours of labour have been lengthened.

The second is the increased use of overtime, which is the same as making the working day longer, although many workers are deceived into thinking otherwise. (There is more about this in the seventh lecture.)

There is a third way of getting more surplus value of the workers: by speed-up. The working day stays the same, and so do wages, but the capitalist makes the worker work twice as hard. This is just the same as doubling the working day (but notice that the necessary labour time is halved, so that the "rate of surplus value" is more than doubled). The worker has to expend as much energy in one day as he previously did in two. And so his life is shortened.

Extra surplus value which the capitalist gets by lengthening the working day, Marx called "absolute surplus value." Extra surplus value got by reducing the necessary labour time—that is, by keeping the working day the same and taking more of it—Marx called "relative surplus value."

Reading

Capital, Volume I, by Karl Marx, Chapters vii to x.

LECTURE SIX

REDUCING THE VALUE OF LABOUR-POWER

There is another way of reducing the necessary labour time (and so getting "relative surplus value"). If the cost of living falls, then the value of labour power falls also, and the necessary labour time is shortened. When does this happen? It happens when the quantity of goods that a given amount of labour will produce gets larger. This is called an increase in "the productivity of labour." For example, if the making of a pair of boots which used to take three days now takes six hours, then the value of the boots falls. Since boots cost less, workers need spend less to keep alive: that is to say, the value of labour-power falls. The same with food, houses, etc.

But how is the productivity of labour to be increased? Only by an improvement in the means of production, by a change in the labour process.

Actually, the history of capitalism has witnessed the most enormous transformations in the process of production. The change from individual work to co-operation, from handicraft to manufacture and from that to large-scale modern machinery, is not only the most obvious feature known to schoolboys; it is also a necessity to capital in its hunt after surplus value.

This, however, is not how it seems to the ordinary capitalist. His motives are not the greater glory of capital. He is simply out to beat his competitors on the market by cheapening his wares. To this end he tries all the time to get greater productivity, but his competitors are always catching him up. The total result for the whole of society is enormous increase in productivity and a shortening of the necessary labour time. The enormous increase in productivity has meant an enormous increase in exploitation, an enormous increase in the rate of surplus value.

We have now to ask: How has the capitalist mode of production increased the productivity of labour? The answer to this is a whole history covering four centuries from the breakdown of the economic structure of feudalism to the present day. It may be summed up under the following heads:

1. *Co-operation.*
2. *Division of Labour and Manufacture.*
3. *Machinery and Large-scale Industry.*

Co-operation

When numerous workers labour purposively side by side and jointly, no matter whether in different or in inter-connected processes of production, we speak of this as co-operation. Co-operation brings in a new productive power of the masses; emulation is roused. Through this and for many other obvious reasons a number of workers labouring together produce larger quantities of use-values, and therefore reduce the length of labour time required to produce a given quantity of goods.

Division of Labour

Capitalism began in England in the sixteenth century. Machinery did not become important until near the end of the eighteenth century. We call the time in between the period of "manufacturing capitalism" (manufacture means "making by hand"). In this period the division of labour was particularly important—a number of workers were brought together under one master, and so he was able to split the job among them, to give each man special tools and make him specialise on one particular part. In this way the men could produce much more, and yet be much less skilled. Unskilled labour arose for the first time. All this meant a saving for the capitalist. But this specialisation and this loss of skill had a crippling effect both on the minds and bodies of the workers.

Machinery

At first machines performed much the same operations as the hand-workers they replaced, and with much the same tools; but they worked faster, and were often driven by water-power and later by steam-engines. Then later on came machines for making machines, and with them came machines quite unlike any hand-tool.

Modern machinery first received a wide application in cotton-spinning; it is now found through all capitalist industry, except where labour-power can be got for much less than its value. (For instance, it is cheaper in Japan to coal steamers by hand, using women workers.)

Here we may consider the effects of machinery under capitalism:

(1) It dispenses with muscular power to some extent. Therefore the labour-power of women and children was sought and bought by the capitalist. Thus the old family was broken up and the value of labour-power lowered. "The value of labour-

power used to include the maintenance of the family. But now four persons instead of one must labour in order to live."

(2) Machinery makes possible a still further division. This means that skilled labour can be replaced by unskilled on a very large scale—and so wages can be lowered.

(3) Machinery also extends the working day, for expensive machines must not lie idle.

(4) Machinery is used to increase the intensity of labour: men must work harder.

(5) Machinery throws workers out of employment.

Therefore we can easily reach the conclusion that machinery under capitalism is not a means of lightening toil, but a means of producing surplus value. Machinery has been a terrible scourge to the working classes. But nevertheless machinery and the factory in a changed system can become the basis for a new and full life for mankind.

Under capitalism the factory has been a prison and a house of torture for little children. But a factory as it might be is the very opposite, the centre of useful work and, as Robert Owen was the first to show, the centre of education in productive work from early years.

Without the immense increase of productivity that machinery has brought, the abolition of poverty and the abolition of exploitation would be impossible. Without machinery, the U.S.S.R. would not exist.

Since in capitalist society this increase of productivity does not appear until the workers are gathered in a factory, which belongs to capitalists, the capitalists like to think it is due to some mysterious power belonging to capital. Thus in capitalist society, co-operation takes on the appearance of something brought about by the powerful will of the capitalist, the despot of the factory. This, of course, is not so. "It is not because he is a leader of industry that a man is a capitalist; on the contrary, he is a leader of industry because he is a capitalist." Co-operation is by no means confined to capitalist society. It is found to some extent almost everywhere. It is essential to the life of many primitive tribes. It has reached its highest development in the U.S.S.R.

Reading

Capital, Volume I, by Karl Marx, Chapters xii to xv.

LECTURE SEVEN

WAGES

So far we have been dealing with the value of labour-power. But when we come to deal with wages, we enter once again into a realm where reality is hidden and appearances sit enthroned. Even after we have made our analysis, which shows the underlying reality, it is hard to bear in mind the result of this analysis.

Wages are the price that labour-power fetches in the market. But in form wages appear as the price of the labour itself. In serfdom, all is clear: one day a man works for himself, the next he works for his lord. In slavery, *all* labour *appears* unpaid. In wage-labour, even surplus (unpaid) labour power appears as paid. All working hours seem to be paid for because wages are calculated on the working day.

Wages then are a form of the value of labour-power, a mystifying form. Time-wages are the example with which we shall deal first. But the plot thickens and the mystery deepens when we pass on to wages by the piece and to the various systems of payment by result.

Let us take the building trades as an example of the ordinary time-work, of time rates of wages. These time rates are on an hourly basis. In this case, the form of wages, "the price of labour," the hourly pay, hides the relationship of exploitation. This can be worked out in detail as was done in our first lesson on surplus value.

Now notice the effects of overtime work. The employer gets a prolongation of the working day, and so an extension of the surplus labour time. He acquires additional surplus value. But it is not simple extension as was done a hundred years ago, without any extra payment. The employer pays something for the additional exploitation, and even pays more than the hourly rate. The worker is deceived by the form of wages, the hourly rate, into thinking that he is not being exploited. He even thinks he is "making something out of it." Thus the fact that in time-rates of wages things are not what they seem is not merely a "little discovery" of Marx; it is actually the means by which the exploitation is at once concealed and increased.

This analysis is not normally made by the Trade Unions, most of whom try to forbid or restrict overtime. But they do so because of another effect of overtime. Overtime prevents the hiring of additional workers. It thus stimulates competition in

the market for labour-power and so lowers wages. It destroys solidarity.

On the other hand, low wages stimulate overtime: so that a vicious circle is created to the detriment of the workers and the benefit of exploiters.

Take now under-time working or short time. Here the capitalist calmly makes use of the mystifying form of the value of labour-power that is called wages to cut down the amount he pays for labour-power. He gives for it far less than its value. Say he works his factory only half a day. Instead of continuing to pay the worker for the value of the labour-power he has bought, he proceeds to pay him half its value and reduces his means of subsistence by half. This particular robbery usually goes unnoticed.

When we turn from time work to piece-work the mystery deepens:

"Wages by the piece," says Marx, "are nothing but a metamorphosis of wages by time, just as wages by time are a metamorphosis of the value or the price of labour-power."

In piece-work we find that the capitalist achieves the intensification of labour that he desires to an unlimited extent, and as it were automatically. If ever the worker seems, in the usual phrase, to be "making too much," the capitalist cuts the piece rate; and a still greater intensity results.

Piece-work therefore has the same result as the lengthening of the working day by overtime because the total sum paid to the worker drops below the value of the labour-power expended; and therefore there results a speedier wearing-out of the worker, a shortened life. Hence Marx says: "piece wages are the form most suitable to the capitalist method of production."

A further development of piece rates is to be seen in the various systems of "payment by results." These take innumerable forms. There are bonuses paid when a certain point is reached. There is the use of pace-makers. There is competition among the workers. There are various kinds of collective contracts where the "exploitation of the labourer by capital is effected through exploitation of the labourer by the labourer."

Since the beginning of the twentieth century, methods of increasing intensity have grown in great numbers under such names as Scientific Management, Premium Bonus Systems, Motion Study, etc. In unorganised trades, particularly, they have flourished. Of recent years the most notorious is the Bedaux System.

But there are obstacles imposed by the nature of the work and by the workers themselves to the universal spread of piece-work. If we classify the industries and services of Britain we shall find some such result as the following:

A. Industries where the nature of the work demands Time Rates: *Railway, bus, tram, carting, shipping, agriculture, distribution, clerical.*

B. Industries where the time rate is traditionally prevalent: *Building, woodworking, printing.*

C. Industries where piece-work is the rule: *Mining, iron and steel and tinplate, textiles, pottery and glass, boot and shoe.*

D. Mixed: *Waterside and shipyards, engineering and foundrywork, metal trades, clothing.*

But a change is taking place in these industries. Even in the oldest time-rate industries, piece-rate working begins to be introduced. On the other hand, a further development in the piece-rate industries is to do away with the piece-rate work in order, through mechanical devices, to get time-work with a piece-work intensity. Amongst such devices is the attachment of a clock to the machine. But the best known is the conveyer belt, which was popularised by Henry Ford in his Detroit Works, and is now spreading rapidly through many industries. Hence in such cases time-rates may offer the greater scope for exploitation, while piece-rates may come to be regarded as a form of protection against the most modern forms of speed-up. Thus the comparative effect of each of the various systems of payment of wages comes to depend on the circumstances of their use.

Reading

Capital, Volume I, by Karl Marx, Chapters xix to xxii.

Payment of Wages, by G. D. H. Cole.

LECTURE EIGHT

CRISIS

We have already seen that a new machine throws workers out of employment. When we extend our view from this to the whole of society we can see how the tendencies in capitalism bring about not only unemployment and crises but lead to its own supersession by a new mode of production.

In the capitalist mode of production there is a contradiction between the social production (the increasing organisation of production on a social basis in each individual plant or factory) and capitalist appropriation. This becomes manifest as the

struggle between the proletariat and bourgeoisie. But a struggle also goes on between the capitalists and the surviving older forms of production (handicrafts), between individual local capitalists and between the capitalists of all countries on the world market. This struggle is universal and becomes more and more intense. Each produces to the utmost and uses every advantage to beat his rival. Production goes on without any common plan. Between individual capitalists, as between whole industries and whole countries, advantages in the conditions of production decide. Thus the contradiction between social production and capitalist appropriation reproduces itself as "the antithesis between the organisation of production in the individual factory and the anarchy of production in society as a whole." This anarchy of production is a social force compelling each capitalist to make the machinery more and more perfect under penalty of ruin. But, as we have seen, the perfecting of machinery renders human labour redundant.

"The instruments of labour constantly tear the means of subsistence out of the hands of the labourer."

The unemployed become a huge "industrial reserve army." Only on occasions of the highest pressure of production (e.g., in war-time) are these reserves of industry made available: and in recent years in the short "prosperity" phases the unemployed have not been absorbed into industry. Even when they were so absorbed in the brief "boom" periods of the nineteenth century, they were thrown on to the streets as soon as the "boom" passed. There the existence of the "reserve army" served to keep down wages to the low level which suited the capitalists.

Thus large-scale industry, competing on the world market for new consumers, restricts the consumption of the masses at home to the barest minimum and so reduces its own internal market. The lust for surplus-value drives the capitalist continually to expand production. But the capacity of the market to absorb the products does not expand in the same way. The expansion of the market cannot keep pace with the expansion of production. Sooner or later there comes a "crash," an *economic crisis*. This occurs again and again at more or less regular intervals, becomes periodic.

"In fact," says Engels in his *Anti-Duhring*, "since 1825, when the first general crisis broke out, the whole industrial and commercial world, the production and exchange of all civilised peoples and of their more or less barbarian dependent people have been dislocated practically once in every ten years. Trade

comes to a standstill, the markets are glutted, the products lie in great masses, unsaleable, ready money disappears, credit vanishes, the factories are idle, the working masses go short of food because they have produced too much food, bankruptcy follows upon bankruptcy, forced sale upon forced sale. The stagnation lasts for years, both productive forces and products are squandered and destroyed on a large scale, until the accumulated masses of commodities are at last disposed of at a more or less considerable depreciation, until production and exchange gradually begin to move again. By degrees the pace quickens; it becomes a trot; the industrial trot passes into a gallop, and the gallop in turn passes into the mad onrush of a complete industrial commercial, credit and speculative steeplechase, only to land again in the end, after the most breakneck jumps—in the ditch of a crash. And so on again and again. We have now experienced it five times since 1825, and at this moment (1877) we are experiencing it for the sixth time. And the character of these crises is so clearly marked that Fourier hit them all off when he described the first as *crise pléthorique*, a crisis of superabundance.

Since then this vicious circle has continued: and, so far from the economic tendencies of capital overcoming the violence of periodic crises, the years from 1929 onwards witnessed the deepest, longest and severest economic crisis ever known, expanding over the whole capitalist world and reducing tens of millions to beggary and starvation. This (together with the contrast of the Five-Year-Plans in the U.S.S.R.) demonstrated that the capitalist mode of production was unable to control the developed productive forces of mankind. But meantime the war of all against all in capitalism leads to the extinction or absorption of the smaller capitalists, especially at times of boom and of crisis. This is centralisation of capital. Huge masses of means of production are brought together in various kinds of joint-stock companies. Then "trusts" arise in one industry after another; and in the trusts freedom of competition is seen changing into its opposite, into monopoly. This develops until it becomes the mark of a new stage of capitalism, which is also its last stage.

Reading

Political Economy, by A. Leontiev, Chapter viii.

LECTURE NINE

IMPERIALISM

Events of last century are remembered now only by the older people. Nevertheless, everyone knows there is a very big change since then. The world is different now, has been different for over two score years. Wars and revolutions, crises with tenfold unemployment and spreading insecurity, the threat of Fascism—these and a hundred other changes make plain the differences. To some they appear as a series of inexplicable catastrophes. Yet all of them are fully explicable in terms of the development of capitalism, arising from its essential characteristics.

It is, of course, a new stage of capitalism.

This latest stage is *Imperialism*, defined most briefly as *monopoly capitalism*. This stage appeared at the beginning of the twentieth century, as the development and direct continuation of the fundamental attributes of capitalism. With the coming of imperialism, all the inner conflicts of capitalism—production social but ownership private; the class struggle; anarchy of production; crises—have become more acute.

Marx and Engels lived at a time when Imperialism had not yet developed, though they were able to trace the immanent laws of capitalism which led to the growth of monopoly.

“As soon as this process of transformation has sufficiently decomposed the old society from top to bottom, as soon as the labourers are turned into proletarians, their means of labour into capital, as soon as the capitalist mode of production stands on its own feet, then the further . . . expropriation of private proprietors, takes a new form. That which is now to be expropriated is no longer the labourer working for himself but the capitalist exploiting many labourers. This expropriation is accomplished by the action of the immanent laws of capitalistic production itself, by the centralisation of capital. One capitalist kills many. Hand in hand with this centralisation, or this expropriation of many capitalists by few, develop, on an ever extending scale, the co-operative form of the labour process, the conscious technical application of science, the methodical cultivation of the soil, the transformation of the instruments of labour only usable in common, the economising of all means of production by their use as means of production of combined, socialised labour, the entanglement of all peoples in the net of the world market, and with this, the

international character of the capitalistic regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers, and disciplined, united, organised by the very mechanism of the process of capitalist production itself. The monopoly of capital becomes a fetter upon the mode of production, which has sprung up and flourished along with, and under it. Centralisation of the means of production and socialisation of labour at last reach a point where they become incompatible with their capitalist integument. This integument is burst asunder. The knell of capitalist private property sounds. The expropriators are expropriated." (*Capital*, Volume I, Chapter xxxii, pp. 788-9.)

The stage of monopoly once reached, capitalism is upon the threshold of its transformation into socialism. On this stage, Lenin, in 1916, published his popular outline entitled *Imperialism*. He began his analysis with an inquiry into concentration of production. Chapter One opens:

"The enormous growth of industry and the remarkably larger process of concentration of production in ever large enterprises represent one of the most characteristic features of capitalism."

Concentration itself leads right to monopoly; for if there be but a score or so giant enterprises in an industry, these can easily reach agreement. When Marx was writing *Capital*, free competition appeared to most economists to be a "natural law." Marx, however, showed that free competition gives rise to concentration of production, which in turn at a given stage leads to monopoly. Now we see the transformation of competition into monopoly. But this does not as yet take place in every industry. The process goes unevenly. There is a mixture of monopoly and competition. Yet by the beginning of the twentieth century it can be said that capitalism has become monopoly capitalism, has been transformed into imperialism.

Examples of great monopolies are well known, such as Imperial Chemical Industries, Unilever, Royal Dutch Shell Oil; Lancashire Cotton Corporation, London Passenger Transport, Coates Thread, the four Railway Companies (total capital over £1,000,000,000); Imperial Tobacco Co., etc., etc. Others could be cited from the U.S.A., from Germany, Italy, Japan.

Next we find the banks playing a new part. As banking develops and becomes concentrated in fewer establishments, the

banks are transformed. Instead of modest brokers, they become powerful monopolies, holding in their hands almost all the money capital of the capitalists and also a larger part of the means of production, etc. They have become money lords, controlling and finally determining the fate of the various smaller capitalists.

For example, in 1900 there were in the United Kingdom 98 banks. By 1913 these had dwindled to 61. By 1929 there were only 27. Out of these 27 the "big five" held three-quarters of all deposits. The Bank of England, the big financial houses like Baring and Rothschild, the big insurance firms and building societies (e.g., Prudential) are other examples of this growth of money monopoly.

The banks take on their boards great magnates from the industrial monopolies. There is interlocking of directorates. Finally, there comes a fusion of banking with industrial capital. The old capitalism gives place to the new at the beginning of the twentieth century and the domination of capitalism in general makes way for the domination of finance capital.

At this point we can anticipate and give five essential features of Imperialism:

1. The concentration of production and capital developed to such a stage that it creates monopolies which play a decisive role in economic life.
2. The merging of bank capital with industrial capital and the creation on the basis of "finance capital" of a financial oligarchy.
3. The export of capital, which has become extremely important as distinguished from the export of commodities.
4. The formation of international capitalist monopolies which share the world among themselves.
5. The territorial division of the whole world among the greatest capitalist Powers is completed.

By the beginning of the 1914-18 war there was some £4,000,000,000 of British capital invested overseas. In 1876 little over one-tenth of Africa was in the hands of imperialist powers; by 1900 nine-tenths.

Lenin gave the following definition, limited to these five purely economic features:

"Imperialism is capitalism in that stage of development in which the domination of monopolies and finance capital has established itself; in which the export of capital has acquired pronounced importance; in which the division of the world among the international trusts has begun; in which the

partition of all the territories of the globe among the great capitalist powers has been completed."

Imperialism sharpens the struggle between capitalist governments; and inevitably gives rise to wars. By its very oppression imperialism musters the army of its own grave-diggers, and calls forth the revolt of the working class. Imperialism uses the colonies as sources of raw material and cheap labour and protected markets for the export of goods and of capital. From the super-profits of this terrible exploitation, imperialism affords improved conditions to a small upper layer of the working class at home, and splits it off from the main mass of the workers.

In relation to the colonies, the utterance of Marx on Ireland that "no nation which oppresses another can itself be free" remains true. The working class of Britain, if it would be liberated from capitalism, must strive for the independence of India, for the right of all colonial peoples to decide their own destiny.

The solution of the national and colonial questions, along the line of Marxism, is to be found in the case of the former colonies of Tsardom, now freed from all oppression. The development of the colonial struggle to its highest point is seen in the struggle of the Chinese people; while an example of the joint struggle of British workers and Indian masses was seen in the fight of the Meerut prisoners 1929-34.

Reading

Imperialism, by V. I. Lenin.

Marxism and the National and Colonial Question, by J. V. Stalin.

LECTURE TEN

CRISIS, FASCISM, WAR

The imperialist struggle between the largest capitalist states for the re-division of the world led to the first imperialist world war (1914-18). This war shook the whole system of world capitalism and marked the beginning of an epoch of *general crisis*. The whole national economy of countries was put at the service of war.

What were the first results of this? Unproductive expenditures (e.g., armaments) swelled enormously, means of production were destroyed (total civilian and soldier deaths caused by that war were 41,435,000, and for the industrial workers, peasants and colonial peoples it brought terrific burdens where it did not

bring total ruin. The war had destroyed *productive forces* of mankind.

This inevitably led to an intensification of the class struggle, into open revolutionary mass action and civil war. The chain of imperialism was broken at its weakest link, in Tsarist Russia. The proletarian socialist revolution overthrew the rule of the landlords and capitalists, expropriated the expropriators and set up the Soviet Socialist State.

A series of revolutionary struggles in Europe and in the colonial and semi-colonial countries followed, all of them part of the General Crisis. The victory of the proletariat in the U.S.S.R. was consolidated but in other countries the revolution suffered a defeat. By about 1924 the capitalist countries appeared to have recovered from the effects of the war; but in 1929 came a *world economic crisis* which shattered the temporary stabilisation and plunged them deeper in the General Crisis.

What were the main features of the following decade of General Crisis?

1. Waste of productive forces, formerly seen chiefly in cyclical crises, became a permanent feature of capitalism, e.g., chronic mass unemployment.
2. The world economic crisis (1929 onwards) occurring in the midst of the General Crisis and as part of it, and interwoven with the chronic agrarian crisis (crisis in the countries producing grain and primary products) was the longest, deepest and widest ever known. World production fell by one-third: world trade shrank by two-thirds.
3. Whereas nineteenth century economic crises were followed by a short period of depression, then by revival and a bigger trade boom than before, this world crisis was followed by a long "depression of a peculiar kind," so that in many countries another crisis was coming (in 1937) before the stage of recovery was reached.
4. Each country's internal market, depending on the well-being of the masses, became more and more contracted, with a resultant severe struggle between the capitalists of different countries for external markets.
5. This struggle is accentuated by the uneven development of capitalism (by which one country is overtaking others, or one is lagging behind, or several overtaking, or several lagging, etc., etc.), and this fostered the renewed drive towards war for the re-division of the world.

These features of General Crisis signify that the economic tendencies within capitalism (as described in Lecture 9) have

brought about the bankruptcy of the capitalist system, and show the extent to which capitalist class ownership has become a barrier to the development of the productive forces.

Moreover, the world economic crisis sharpened the conflict amongst the imperialist states, between the imperialist countries and the colonies, between workers and capitalists, between peasants and landlords. To find a way out of the crisis, the capitalists in several countries sought to crush the working class by fascist dictatorship which kindled war for the re-division of colonies and revision of frontiers. Fascist dictatorship meant the naked rule of the most reactionary, most militaristic, most imperialistic sections of finance capital.

Centres of aggression and war arose in the Far East and in Germany; and were presently linked up. In the fascist countries the whole national economy was put at the service of war and war preparations. Germany and Japan had set up a "war economy" long before the outbreak of war. By 1937 imperialist war had begun with the attack of Japan upon China. Meantime the finance oligarchy in Britain, France and other countries, fearing the aggressors, but fearing still more the movement of the working class and the colonial peoples, yielded bit by bit while proclaiming a policy of "non-intervention." This policy ended in fiasco; and by Autumn 1939 the war had involved the Western European Powers. By summer, 1940, Nazi Germany, having seized upon the Low Countries and subjugated France, set out to bring the peoples of Europe under the Fascist yoke; and by summer, 1941, was attacking the Union of Soviet Socialist Republics. By winter, 1941, Japan and other Axis Powers were at war with the United States of America. A coalition of the freedom-loving peoples was now ranged in the fight against Fascism; the camp of democracy was headed by the two capitalist democracies (U.K. and U.S.A.), by the socialist democracy of the U.S.S.R. and by the National Republic of China. The future depends on victory in the struggle against Fascism and on the action of the peoples and the working class in each country : and on this too depends the development of the subject matter of political economy.

Reading

History of C.P.S.U.(B), Chapter xii, *New Data for Lenin's Imperialism*, by Varga and Mendelssohn.

Stalin's Historic Speech at the 18th Congress C.P.S.U. (B), included in *The Land of Socialism Today and Tomorrow* (1939). *Stalin's War Speeches* (in a series of pamphlets; and in a Booklet published by Hutchinson.

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